

AGN. NO. _____

MOTION BY SUPERVISORS SHEILA KUEHL
AND MARK RIDLEY-THOMAS

August 13, 2019

Affordable Housing Programs Budget Unit Fiscal Year 2019-20 Allocations

Los Angeles County (County) is among the five least affordable metropolitan areas in the Country. More than half of renter households in California spend more than 30% of their income on rent according to a Public Policy Institute of California housing brief released in January 2019. More than 30% of California renters spend more than half of their income on rent. In April 2019, the California Housing Partnership released the third annual Los Angeles County Annual Affordable Housing Outcomes Report with sobering data collected from 2018 about the growing shortage of affordable housing in our region. The housing crisis affects a significant portion of our residents, and our lowest-income residents experience the most severe economic impact. In 2018, there were 111,220 affordable homes in LA County, yet the County still lacks the 516,946 additional affordable rental units needed to adequately house our lowest-income renters.

Following the dissolution of local Redevelopment Agencies and decreases in state and federal funding for affordable housing, the County needed to create a funding

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source to finance the preservation and development of affordable housing. The Board of Supervisors (Board) approved a motion on October 27, 2015, directing the CEO to create the Affordable Housing Programs Budget Unit with the goal of investing \$20 million in funding for the Budget Unit in Fiscal Year (FY) 2016-17 and to increase this amount by \$20 million per year in each of the subsequent four FYs, to reach an annual ongoing allocation of \$100 million per year by FY 2020-21. The Board also formed the Affordable Housing Coordinating Committee with the support of the Chief Executive Officer (CEO) to recommend models to address the housing needs of a variety of priority populations. The CEO recommends funding allocations for the Affordable Housing Programs Budget Unit to the Board in each FY's Final Changes and Supplemental Changes Budget.

To address this housing crisis, the County must use all of the resources available to expand our strategies for creating and protecting affordable housing. The FY 2019-2020 allocation to the Affordable Housing Programs Budget Unit is \$80,000,000. \$70.06 million of that fund has previously been allocated to Los Angeles County Development Authority's Notice of Funding Availability and preservation program, and the CEO's Affordable Housing Acquisition Fund in Final Changes Budget (see attachment 1). There is an urgent need to address the demand for affordable housing in the County and the remaining \$9.94 million should be allocated in Supplemental Changes Budget.

There are many pressing needs for these funds, but there are four programs that should be prioritized, in addition to the related motion for \$1.5 million for the Backyard Homes Program. Cuts to federal funding have reduced homeownership assistance programs for households earning 50% to 120% of the Area Median Income. The Board previously directed the CEO to identify funding to expand the Office of Diversion and

Re-Entry permanent supportive housing programs to meet demand from the Court Hub Expansion. The Board also previously committed \$1.5 million in the Affordable Housing Acquisition Fund for mobile homes, thus leaving a need to identify additional funding to ensure the fund is large enough to acquire property. Finally, there has been extensive discussion of the need to support property owners of naturally occurring affordable housing with assistance to address needed building repairs.

The original motion to establish the Affordable Housing Programs Budget Unit set policy that the fund was to support the affordable housing needs of households earning 50% of less of the Area Median Income. While the vast majority of the fund continues to serve this target population some preservation and home ownership opportunities may require serving a broader income group. To achieve this the Board should set a new policy allowing up to 15% of funds to serve households earning up to 120% of the Area Median Income.

WE, THEREFORE, MOVE that the Board of Supervisors direct the Chief Executive Officer in Supplemental Changes Budget to:

1. Allocate \$9,935,000 in the Affordable Housing Programs Budget Unit to the following programs:
 - \$1,500,000 for the Los Angeles County Development Authority (LACDA) for the Backyard Homes Program (see accompanying motion);
 - \$3,435,000 for the LACDA to expand homeownership assistance programs for households earning 50% to 120% of the Area Median Income;
 - \$3,000,000 for the Department of Health Services to expand the Office of Diversion and Re-Entry permanent supportive housing programs;

- \$1,000,000 for the CEO to expand the Affordable Housing Acquisition Fund; and
 - \$1,000,000 for the LACDA to create a Naturally Occurring Affordable Housing Maintenance Fund.
2. Report back in 90 days on the feasibility of utilizing the Affordable Housing Acquisition Fund to acquire properties that can be used for Community Land Trusts.
 3. Establish a policy that up to 15% of the Affordable Housing Programs Budget Unit in any given year can be used to meet the affordable housing needs of households up to 120% of the Area Median Income.

WE FURTHER MOVE that the Board of Supervisors acting as the Board of Commissioners for LACDA:

1. Direct the LACDA to report back in 90 days with an implementation plan and program design for the Backyard Homes Program and Naturally Occurring Affordable Housing Maintenance Fund.
2. Authorize the LACDA to accept a total of \$4,435,000 from the CEO Affordable Housing Budget Unit to fund the Home Ownership Assistance Programs (\$3,435,000) and the Naturally Occurring Affordable Housing Maintenance Fund (\$1,000,000).
3. Authorize CEO and LACDA to execute a Funding Agreement for a total of \$4,435,000 for the Affordable Housing Home Ownership Assistance Programs (\$3,435,000) and the Naturally Occurring Affordable Housing Maintenance Fund (\$1,000,000).
4. Authorize the LACDA Executive Director or her designee to incorporate up

to \$4,435,000 into the LACDA's approved Fiscal Year 2019-2020 budget
as needed.

S:MR/Affordable Housing Programs Budget Unit Fiscal Year 2019-20 Allocations

Affordable Housing Trust Fund Allocations

effective July 1, 2019

Affordable Housing Program	Approved for FY 2019-20 as of 7/1/19
Notice of Funding Availability (NOFA) 25	60,000,000
Multifamily	55,200,000
Administration	4,800,000
Affordable Housing Acquisition Fund	5,000,000
Mobile Home Pilot	1,500,000
Remaining Affordable Housing Acquisition Fund	3,500,000
Preservation	3,465,000
Preservation Database Maintenance (Annual)	30,000
Avalon Calabasas Tenant Assistance	500,000
Preservation Unit Staffing	585,000
NOFA Capital Subsidy + Administration	2,350,000
Administration (CEO)	1,600,000
Remaining Unallocated Funds	*9,935,000
Total	80,000,000